
Introduced by Senator Speier

February 20, 2003

An act to add Section 758.5 to the Insurance Code, relating to auto insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 551, as introduced, Speier. Insurance: auto body repair shops.

Existing law generally regulates insurers by, among other things, defining certain unlawful practices.

This bill would prohibit an insurer from recommending that an automobile be repaired, or not be repaired, at a specific auto body repair shop, unless the claimant specifically requests a referral. It would allow a claimant or repair shop damaged by a violation of this provision to recover damages and costs, as specified.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. This act shall be known as the "Auto Body
- 2 Repair Consumer Choice Act of 2003."
- 3 SEC. 2. The Legislature finds and declares the following:
- 4 (a) Thousands of California consumers each year require repair
- 5 of their vehicles as a result of collision or other damage.
- 6 (b) As a result of automobile collisions and other damage,
- 7 many consumers make insurance claims.
- 8 (c) California consumers are entitled to select an auto body
- 9 repair shop of their choice to repair auto body damage.

1 (d) Insurers are steering consumers to auto body shops chosen
2 by the insurer and not the consumer.

3 (e) Insurers are using unfair tactics to steer consumers,
4 including suggesting or implying that the auto body shop selected
5 by the consumer is inferior or inconvenient.

6 (f) Existing laws regulating the consumer's right to choose an
7 auto body repair shop are weak.

8 (g) Accordingly, the Legislature has determined that it is
9 necessary to strengthen the existing auto body repair consumer
10 choice laws.

11 SEC. 3. Section 758.5 is added to the Insurance Code, to read:

12 758.5. (a) It is unlawful for an insurer, including an affiliate
13 or subsidiary of an insurer, in connection with a claim, to direct,
14 suggest, or recommend that an automobile be repaired, or not be
15 repaired, at a specific auto body repair shop, unless the claimant
16 specifically requests a referral from the insurer.

17 (b) An insurer that violates this section shall be liable for any
18 damages suffered by the claimant or auto body repair shop,
19 including compensatory, special, and exemplary damages. Any
20 injured party may bring an action for damages. The prevailing
21 party in any action brought pursuant to this section shall be
22 awarded reasonable attorney's fees and costs.

